

**CARMEN P. URBANO, PETITIONER, VS. J.M. TUASON & CO., INC., ET AL., RESPONDENTS.***G.R. No. L-30201. July 20, 1982*

Ponente: VASQUEZ, J.

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This is an appeal brought to the Court of Appeals but certified by it to the Supreme Court for the reason that only pure questions of law are involved.

Plaintiffs-appellants filed an action in the Court of First Instance of Rizal, Branch IX, Quezon City, docketed as Civil Case No. Q-7752, for specific performance to compel defendant- appellee J. M. Tuason & Co., Inc. to sell to them a lot containing an area of 1,500 square meters at the price of P7.00 per square meter, and to consider the amount of P4 ,500.00 allegedly paid by their predecessor-in-interest, Tomasa F. de Salanga, to defendant- appellee Pedro Deudor as partial payment of the purchase price.

In their complaint, plaintiffs-appellants alleged that a parcel of land situated in Matalahib, Tatalon, and Masambong Quezon City, containing an area of fifty (50) quiñones was owned by a certain Telesforo Deudor, one of whose children is defendant- appellee Pedro Deudor; that on March 2, 1949, Pedro Deudor conveyed by way of absolute sale in favor of Tomasa F. de Salanga a portion of the said parcel of land with an area of 1,500 square meters for the price of P4,500.00; that to quiet title over the property which was claimed by defendant- appellee J. M. Tuason & Co., Inc., several cases were filed in courts namely, Civil Cases Nos. Q-135; Q-139, Q-174, Q-177, and Q-187 of the Court of First Instance of Rizal; that in the joint trial of the said cases, a Compromise Agreement was entered into on March 16, 1953 wherein the Deudors acknowledged the title in fee simple of J. M. Tuason & Co., Inc. and renounced, ceded and quit-claimed in its favor whatever rights or interests the Deudors had over the property in consideration of the sum of P1,201,063.00, including the portion with an area of 1,500 square meters already sold by defendant- appellee Pedro Deudor to Tomasa F. de Salanga; that the said Compromise Agreement was approved by the Court of First Instance of Rizal, Quezon City Branch, in a Decision dated April 10, 1953; that by virtue of the said Compromise Agreement, a contractual relationship existed between J. M. Tuason & Co., Inc. and the purchasers of the land from the Deudors as regards the sale of their respective lots, pursuant to which J. M. Tuason & Co., Inc. assumed the obligations of the Deudors in favor of said purchasers, including herein plaintiffs-appellants; that in May 1953, plaintiffs-appellants made a demand on defendants J. M. Tuason & Co., Inc. and its administrator, Gregorio Araneta, Inc., to execute a new contract of sale in their favor over the portion of the land with an area of 1,500 square meters which they bought from Tomasa F. de Salanga, at the then current price and terms which was at P7.00 per square meter, pursuant to paragraph 7 of the Compromise Agreement; that said demand was refused by defendant- appellee J. M. Tuason & Co., Inc.; and that plaintiffs-appellants are willing to pay defendant- appellee J. M. Tuason & Co., Inc. the price of the land with an area of 1,500 square meters at P7.00 per square meter minus the amount of P4,500.00 which had already been paid by them to Tomasa F. de Salanga and which payment was recognized by defendant- appellee J. M. Tuason & Co., Inc. in paragraph 7 of the Compromise Agreement.

On February 10, 1964, defendant- appellee J. M. Tuason & Co., Inc. filed a motion to dismiss the complaint on two (2) grounds, namely: (1) that the complaint states no cause of action, and (2) that the cause of action, if any, is already barred by the statute of limitations. After the plaintiffs-appellants filed their opposition to the motion to dismiss, the trial court dismissed the complaint in an Order dated March 23, 1964, reading in part as follows:

"The record shows that the complaint is based on a compromise agreement executed by the parties in Civil Case No. Q-135 on March 16, 1953. The aforementioned compromise agreement, however, was declared validly rescinded by the Supreme Court in the case of ' Deudor, et al., vs. J.M. Tuason & Co., Inc.', G.R. No. L-13768 and reiterated in the case of 'J.M. Tuason & Co., Inc. vs. Bienvenido Sanvictores', G.R. No. L-16836-January 30, 1962. No cause of action, therefore, would arise from an agreement which has no longer force and effect.' (pp. 82-83, Record on Appeal, Rollo, p. 4.)

Plaintiffs-appellants appealed from the said order of dismissal. They take issue with the lower court's ruling on the single question of whether or not their complaint states no cause of action against J.M. Tuason & Co., Inc.

We sustain the trial court in dismissing the complaint filed by the plaintiffs-appellants in the court below.

Plaintiffs-appellants do not dispute the fact that the Compromise Agreement entered into by and between the Deudors and J.M. Tuason & Co., Inc. had been declared rescinded by the Supreme Court, in the case of " Deudor vs. J.M. Tuason & Co., Inc.", G.R. No. L-13768, May 30, 1961 (2 SCRA) in view of the failure of the Deudors to deliver the peaceful and complete possession of 30 quiñones of the land they conveyed in favor of J.M. Tuason & Co., Inc. by virtue of the aforementioned Compromise Agreement. The rescission of the Compromise Agreement was reiterated in the subsequent case of "J.M. Tuason & Co., Inc. vs. Sanvictores", G.R. No. L-16836, January 30, 1962 (4 SCRA).

It could be clearly seen from the complaint filed by the plaintiffs-appellants that their action is premised on the validity and effectivity of the aforesaid Compromise Agreement. Plaintiffs-appellants claim to be the buyers of a parcel of land with an area of 1,500 square meters from Tomasa F. de Salanga who, in turn, acquired title over the same parcel of land by virtue of an alleged sale executed in her favor by Pedro Deudor. The plaintiffs-appellants do not claim that they had already become the owners of the 1,500 square meters lot conveyed to them by Tomasa F. de Salanga. This is evident from their prayer that defendant- appellee J.M. Tuason & Co., Inc. be ordered to sell the same parcel of land in their favor at the price of P7.00 per square meter or "such other rate as the Honorable Court may deem as the reasonable price per square meter in or about May 1953", and to consider the P4 ,500.00 that they paid to Tomasa F. de Salanga merely as part of the purchase price. In other words, they merely assert a right to be entitled to purchase the lot transferred to them by Tomasa F. de Salanga in consideration of the sum of P4 ,500.00 from J.M. Tuason & Co. Inc. They recognize the ownership of J.M. Tuason & Co., Inc. over the said property but would seek to compel the latter to sell the property to them pursuant to the "Seventh" paragraph of the aforementioned Compromise Agree-ment, reading as follows:

"SEVENTH: - That the sales of the possessory rights claimed by the DEUDORS, are described in the lists submitted by them to the OWNERS which are attached hereto marked Annexes 'B' and 'C' and made a part hereof. Whatever amounts may have been collected by the DEUDORS on account thereof, shall be de-ducted from the total sum of P1 ,201,063.00 to be paid to them. It shall be the joint and solidary obligation of the DEUDORS to make the buyers of the lots purportedly sold by them recognize the title of the OWNERS over the property purportedly bought by them, and to make them sign, whenever possible, new contracts of purchase for said property at the current prices and terms specified by the OWNERS in their sales of Lots in their subdivision known as 'Sta. Mesa Heights Subdivision.' The DEUDORS hereby advise the OWNERS that the buyers listed in Annex 'B' herein with the annotation 'continue shall buy the lots respectively occupied by them & shall sign new contract, but the sums already paid by them to the DEUDORS amounting to P31,922. ( subject to verification by the Court) shall be credited to the buyers and shall be deducted from the sums to be

paid to the DEUDORS by the OWNERS. The DEUDORS also advise the OWNERS that the buyers listed in Annex 'C' herein with the annotation 'Refund' have decided not to continue with their former contract of purchase with the DEUDORS and the sums already paid by them to the DEUDORS totalling P101,182.42 (subject to verification by the Court) shall be refunded to them by the OWNERS and deducted from the sums that may be due the DEUDORS from the OWNER;" (pp. 31-32, Record on Appeal, Rollo, p. 4.)

There is no denying the fact, therefore, that the plaintiffs-appellants base their cause of action on the Compromise Agreement which We have previously declared validly rescinded and set aside in the two aforementioned cases of Deudor and Sanvictores. Plaintiffs-appellants, however, contend that the ruling in Sanvictores should not be interpreted to mean that the entire Compromise Agreement shall be deemed abrogated insofar as other parties are concerned. They argue that the issue in Sanvictores is not the same as in the case at bar. They point out that a more parallel situation is that involved in the case of "Valencia vs. Pedro Deudor, et al.", G.R. No. L-21598, May 18, 1966 (17 SCRA 133.)

We do not agree with said contentions of plaintiffs-appellants. Our pronouncement in Sanvictores that the Compromise Agreement between Deudor and Tuason "has been validly rescinded and set aside, as recognized by this Court in its Decision in G.R. No. L-13767 'Deudor vs. Tuason', promulgated on May 30, 1961" is clear and unqualified. Instead, it is difficult to imagine how J.M. Tuason & Co., Inc. may be held bound to the undertakings it assumed under the Compromise Agreement after the latter had been declared rescinded due to the failure of the Deudors to comply with their own obligations under the same. Plaintiffs-appellants are claiming a right solely derived from the provisions of a Compromise Agreement which had already ceased to be of any legal effect.

The ruling in Valencia does not sustain the position of the plaintiffs-appellants. It is true that in said case, We refused to disturb the dismissal of a complaint against J.M. Tuason & Co., Inc. on the alleged ground that it failed to state a cause of action. The facts involved in Valencia are different from those obtaining herein. In said case, the complaint was filed not only against Deudor and J.M. Tuason & Co., Inc. but also against the spouses Maximo Sison and Victoria Enriquez who bought the parcel of land involved therein from J.M. Tuason & Co., Inc. The dismissal of the complaint on the ground that it fails to state a cause of action due to the rescission of the Compromise Agreement was declared erroneous, at least insofar as defendants spouses Sison and Enriquez were concerned, on the following considerations:

"For purposes of a motion to dismiss, allegations in the complaint are deemed admitted (Alquigue vs. De Leon, L-15059, March 30, 1963). In the complaint even as amended plaintiffs rely not solely on the Deudor-Tuason Compromise Agree-ment for their right to the land, but on the sale executed by Pedro Deudor in favor of Andres Valencia on February 4, 1949.

So even if the Compromise Agreement has been rescinded, there remains a cause of action for specific performance against Pedro Deudor and his successor-in-interest on the basis of the document of sale dated February 4, 1949. As seen from the amended complaint, plaintiffs asserted rights over the land adverse to the claim of the spouses Sison and Enriquez as alleged purchaser of the same land from J.M. Tuason & Co., Inc.

Furthermore, it being alleged in the amended complaint, as heretofore quoted, that the Sison-Enriquez spouses acted in bad faith in seeking to despoil and dispossess plaintiffs of the land already previously sold to them or their predecessor-in-interest, it follows that, admitting the allegations in the amended complaint, a cause of action is stated therein against said spouses." (pp. 136-137, 17 SCRA.)

In the brief of plaintiffs-appellants filed in the Court of Appeals, they also argue that the Compromise Agreement recognize the sale made by Pedro Deudor in favor of Tomasa F. de Salanga, predecessors-in-interest of plaintiffs-appellants, as was held in the case of Evangelista vs. Deudor, G.R. No. L-12826, September 10, 1959 (106 Phil. 171). In said case, quoting the Compromise Agreement, We said: "It is clear that there now exists a sort

of contractual relation between the plaintiff and J.M. Tuason & Co., Inc. as regards the buyer of the lot in question; and that as regards said lot, plaintiff is the purchaser and has made payments on account of the purchase price and J.M. Tuason & Co., Inc. acknowledges the partial payment already made the same to be deducted from the sum payable to Deudor." The dismissal of said case on the ground of lack of a cause of action on motion of J.M. Tuason & Co., Inc. was thereby set aside.

Plaintiffs-appellants may not draw a parallel with the case of Evangelista. The situation of Evangelista was substantially different from that of plaintiffs-appellants herein. Evangelista was an immediate vendee of Pedro Deudor; plaintiffs-appellants herein merely derived their title from Tomasa F. de Salanga. Unlike Evangelista, plaintiffs-appellants herein are not included in the list of purchasers attached as Annex "B" to the Compromise Agreement. Also, Evangelista filed her action before the Compromise Agreement was declared rescinded by the Supreme Court in G.R. No. L-13768 promulgated on May 30, 1961, unlike the herein plaintiffs-appellants who filed the present action only on January 23, 1964. The decisive effect of this distinction was recognized in the case of "J.M. Tuason & Co., Inc. vs. Jaramillo", promulgated on September 30, 1962 (9 SCRA 198).

WHEREFORE, the Order appealed from is hereby affirmed, with costs against plaintiffs-appellants.

**SO ORDERED.**

Teehankee, (Chairman), Makasiar, Melencio-Herrera, Plana, Relova, and Gutierrez, Jr., JJ., concur.

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